

Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion

Press Note No. 1 (2017 Series)

Subject: Policy on foreign investment in Indian Stock Exchanges- amendment to paragraph 5.2.21 of 'Consolidated FDI Policy Circular of 2016'

1.0 Present Position:

- 1.1 Paragraph 5.2.21 of 'Consolidated FDI Policy Circular of 2016', effective from June 07, 2016, relating to Infrastructure Company in the Securities Market presently reads as below:

5.2.21 Infrastructure Company in the Securities Market

Sector/Activity	% of Equity/ FDI Cap	Entry Route
5.2.21.1 Infrastructure companies in Securities Markets, namely, stock exchanges, commodity exchanges, depositories and clearing corporations, in compliance with SEBI Regulations	49%	Automatic

5.2.21.2 Other Conditions

- (i) FII/FPI can invest only through purchases in the secondary market.
- (ii) No non-resident investor/entity, including persons acting in concert, will hold more than 5% of the equity in commodity exchanges.
- (iii) Foreign investment in commodity exchanges will be subject to the guidelines of the Central Government/SEBI from time to time.

2.0 Revised Position:

- 2.1 The Government of India has reviewed the FDI policy for foreign investment in stock exchanges. Accordingly, Paragraph 5.2.21 of 'Consolidated FDI Policy Circular of 2016' is amended to read as below:

5.2.21 Infrastructure Company in the Securities Market

Sector/Activity	% of Equity/ FDI Cap	Entry Route
5.2.21.1 Infrastructure companies in Securities Markets, namely, stock exchanges, commodity derivative exchanges, depositories and clearing corporations, in compliance with SEBI Regulations	49%	Automatic

5.2.21.2 Other Conditions

- (i) Foreign investment, including investment by FPIs, will be subject to the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations 2012, and Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as amended from time to time, and other Guidelines/Regulations issued by the Central Government, SEBI and the Reserve Bank of India from time to time.
- (ii) Words and expressions used herein and not defined in these regulations but defined in the Companies Act, 2013 (18 of 2013) or the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or the Securities and Exchange Board of India Act, 1992 (15 of 1992) or the Depositories Act, 1996 (22 of 1996) or in the concerned Regulations issued by SEBI shall have the same meanings respectively assigned to them in those Acts/ Regulations.

3.0 The above decision will take immediate effect.



(Atul Chaturvedi)

Additional Secretary to the Government of India

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